



# Gorgon Project Update

Issue 21 - May 2010

In this issue:

- Full steam ahead
- Breaking new ground
- Gorgon - igniting the economy
- Fair opportunity for Australian industry
- Local trailer maker pulling for Gorgon
- Contracts awarded
- Subscribe to stay in touch
- Exploration update
- Gorgon leading the charge to reduce carbon footprint

**Gorgon Project**

Operated by Chevron Australia  
in joint venture with

**ExxonMobil** 

Osaka Gas|Tokyo Gas|Chubu Electric Power

## Full steam ahead

Activity is now well and truly underway on the Gorgon Project following an official groundbreaking ceremony on Barrow Island in December 2009.

More than AUD\$20 billion has been awarded in Gorgon contracts including the fabrication and assembly of the main LNG modules, construction of the 2.1km LNG jetty and marine structures, LNG tanks construction and offshore pipe lay.

Other contracts awarded include the Construction Village, Initial Accommodation, General Utilities, Telecommunications, Site Preparation and Site Development.

The Project's foundation Joint Venture Participants - Chevron (approximately 47%) ExxonMobil (25 percent) and Shell (25%) - have also welcomed three new participants: Osaka Gas (1.25%), Tokyo Gas (1%) and Chubu Electric Power (0.417%).

More than AUD\$20 billion has been awarded in Gorgon contracts.



Already, Barrow Island is home to more than 400 Gorgon contractors and construction is well underway on an accommodation complex to house the growing workforce.



Preliminary works for the Gorgon Project are well underway on Barrow Island.

## Breaking new ground

In late 2009, Chevron Australia and its Joint Venture Participants commemorated the official start of construction of the AUD\$43 billion Gorgon Project with a special groundbreaking ceremony on Barrow Island.

Senior executives from the Joint Venture Participants Chevron, Shell and ExxonMobil were joined on the construction site by Western Australian Premier, the Hon. Colin Barnett MLA; Federal Minister for Resources and Energy, the Hon. Martin Ferguson AM, MP; US Ambassador to Australia, His Excellency Jeffrey Bleich, new Joint Venture Participants Tokyo Gas, Osaka Gas and Chubu Electric Power, customers, contractors and other invited dignitaries.

Chevron Australia Managing Director Roy Krzywosinski said the Gorgon Project was forecast to create more than 10,000 direct and indirect jobs at its peak construction and result in more than AUD\$33 billion being spent on Australian goods and services over its first 30 years.

## Gorgon - igniting the economy

Australian companies are playing key roles as the Gorgon Project continues to grow.

More than AUD\$7 billion in contracts has already been awarded to Australian industry alone, resulting in the creation of 3000 jobs across Australia.

Greater Gorgon General Manager Colin Beckett said the Project is committed to providing full, fair and reasonable opportunity for Australian industry to supply goods and services.

“Gorgon is making a significant contribution towards WA’s prosperity,” Mr Beckett said.

“Gorgon is the largest ever Australian single resource investment and we expect the Project to spend about AUD\$20 billion on Australian good and services over the next four to five years.”

More than AUD\$7 billion in contracts has already been awarded to Australian industry alone, resulting in the creation of 3000 jobs across Australia.



Activity at the Barrow Island Supply Base increases as Gorgon progresses.



The first sod turning on Barrow Island to mark the start of the Gorgon Project construction was attended by (from left) the Hon. Martin Ferguson, AM, MP, Federal Minister for Resources and Energy; the Hon. Colin Barnett MLA, Premier of Western Australia; George Kirkland, Executive Vice President, Chevron Global Upstream and Gas; Roy Krzywosinski, Chevron Australia Managing Director; and Jim Blackwell, President, Chevron Asia Pacific Exploration and Production.

## Fair opportunity for Australian industry

As a major Australian project, Gorgon actively supports Australian Industry Participation (AIP) to provide full, fair and reasonable opportunity for Australian industry.

The Industry Capability Network of Western Australia (ICNWA) and the [www.projectconnect.com.au](http://www.projectconnect.com.au) website provide a crucial interface to Australian industry and the primary source of information about Project opportunities for suppliers and contractors.

The AIP Policy is available on the Gorgon Project website at: [www.chevronaustralia.com](http://www.chevronaustralia.com)

If you have any queries on Gorgon's AIP Policy please email AIP Coordinator, Bill Sashegyi at [BSWS@chevron.com](mailto:BSWS@chevron.com)

## Local trailer maker pulling for Gorgon

Spearwood may be a long drive from Barrow Island but a Western Australian company has helped to bridge that gap with the construction of hundreds of truck trailers needed to build the Gorgon Project plant.

Howard Porter workers built the 320 trailers, under the AUD\$20 million deal which the company says is the biggest trailer contract awarded in Australia.

Owner Roy Lombardi said he had employed 60 new workers and the contract was great news for the local economy.

Sales Manager Jason Bell said the Gorgon contract demonstrated Howard Porter's capabilities and provided a platform for sustained company growth.

As a major Australian project, Gorgon actively supports Australian Industry Participation (AIP) to provide full, fair and reasonable opportunity for Australian industry.



Some 60 workers built 320 trailers for the Gorgon Project



Howard Porter trailers in use on Barrow Island.

## Contracts awarded

The Gorgon Project has already awarded a number of significant contracts, including:

- Supply bases
- Camp construction
- Key logistics packages
- Key infrastructure

Many of the contracts include a large percentage of local, Australian and regional content. Providing opportunities such as these for Australian industry will continue to be an important focus for the Gorgon Project.

### Barrow Island supply base and logistics

Toll Group, a leading provider of integrated logistics services in the Asian region, is providing supply base and logistics services on Barrow Island.

The contract, valued at approximately AUD\$200 million, includes the receipt, warehousing and movement of goods once they are delivered to Barrow Island. It also includes the provision of a waste removal service and cleaning services.

### Construction village

Three well known engineering construction companies - Thiess Pty Ltd, Decmil Australia and Kentz - have joined forces to create the TDK Joint Venture which has been awarded the construction village contract on Barrow Island.

Under the contract, valued at about AUD\$500 million, TDK will design, manufacture, deliver and commission a 3300-bed village for personnel working on the Gorgon Project.

## Site Development

Perth-based Ertech Pty Ltd is undertaking various site development activities on Barrow Island. The work comprises various construction activities on Barrow Island including marine and onshore works, road improvements, earthworks, water facilities and telecommunications tower installations.

### Site Preparation

Thiess Pty Ltd has been contracted to provide Site Preparation and Temporary Construction Facilities on Barrow Island. The contract, valued at approximately AUD\$500 million, involves site preparation for the LNG plant and an expansion of logistics infrastructure on the island.

### Integrated logistics services

DB Schenker, a leading international provider of logistics services, has been awarded the contract to provide integrated logistics services for the Gorgon Project.

The five-year contract is for the provision of road and sea chartering services, air transport of international and domestic freight, including courier / warehousing options as well as consolidation of materials and equipment.

### Mainland supply base operations and transportation services

Agility Project Logistics is providing supply base operations and transportation services for the Gorgon Project.

The contract, valued at approximately AUD\$160 million, involves the supply of personnel and equipment to manage the Project's supply bases and to provide road

Many of the contracts include a large percentage of local, Australian and regional content. Providing opportunities such as these for Australian industry will continue to be an important focus for the Gorgon Project.



Perth company Ertech is undertaking various site development activities on Barrow Island.

Bristow Helicopters Australia will provide helicopters to Chevron under a six-and-a-half-year AUD\$200 million contract.

(continued from page 4)

transport between Perth and Dampier for materials associated with the Gorgon Project.

#### Air transport

Cobham Aviation Services Australia is servicing Chevron Australia's northwest operations, including the Gorgon Project. Under a six-year AUD\$170 million contract, Cobham will operate two RJ100 jets and three 146-seater BAe aircraft.

Bristow Helicopters Australia will also provide helicopters to Chevron under a six-and-a-half year AUD\$200 million contract.

#### Desalination plants

South Australian firm Osmoflo is building four reverse osmosis desalination plants for the Gorgon Project.

The plants will service the construction and longer term needs of LNG processing, including providing potable water for drinking and general needs. They will have a cyclone rating and include technology which minimises energy consumption, yet maximises the percentage of treated water that can be recovered from the saline raw water source.

#### Marine Monitoring

Sinclair Knight Merz has been awarded a contract to undertake monitoring of the marine environment around Barrow Island during and after marine facilities construction work for the Gorgon Project.

#### Cryogenic Heat Exchangers

Air Products will provide the Gorgon Project's three main Cryogenic Heat Exchangers.

#### Medical Services

Medibank Health Solutions subsidiary Health Services Australia has been awarded a five year contract to provide medical services for Chevron on Barrow and Thevenard Islands.

#### Pre-commissioning

BJ Services has been awarded a US\$80 million contract to provide pre-commissioning services associated with the Gorgon Project.

#### Standby Power

MTU Detroit Diesel was awarded a contract to provide standby power for the Gorgon Project.

#### Subsea Umbilicals

Aker Solutions was awarded a contract for the supply of subsea umbilicals and associated equipment for the Gorgon Project.

#### Pipe Racks

Offshore Oil Engineering Co., Ltd, an affiliate company of China National Offshore Oil Corporation (CNOOC) has been awarded a US\$180 million contract for the fabrication of pipe rack modules for the Gorgon Project.

PT McDermott has been awarded a \$US150 million contract for pre-assembled racks and units for the Gorgon Project

#### Water Treatment Facility

Monadelphous has been awarded a contract amendment to construct a water treatment facility for the Gorgon project on Barrow Island.



Australian firm Osmoflo is designing and building reverse osmosis desalination plants for Barrow Island.

## Pre-Assembled Racks

The Saipem Leighton Consortium has been issued a AUD\$150 variation for work relating to the design, fabrication and installation of Pre Assembled Racks (PARs) for the 2.1 kilometre Gorgon LNG Jetty, in addition to the original AUD\$900 million dollar scope.

## Exploration update

The foundation Gorgon Joint Venture Participants Chevron Australia, ExxonMobil and Shell have made further gas discoveries in the Greater Gorgon Area in the Carnavon Basin, offshore Western Australia, which will strengthen the Project's future.

The latest deepwater discovery at Yellowglen-1 is in the WA-268-P permit area, some 250 kilometres northwest of Onslow, with results indicating a gas column of approximately 137 metres.



K-MAX helicopter transports seismic equipment to reduce impact on the Barrow Island environment.

Yellowglen-1 follows on from the Satyr-1 and Achilles-1 discoveries made in late 2009.

## Gorgon leading the charge to reduce carbon footprint

Gorgon is spearheading a global effort to develop low-carbon energy sources for the future.

The Carbon Dioxide Seismic Baseline Survey of Barrow Island, completed late in 2009, is the first phase of the Gorgon Project's groundbreaking carbon dioxide (CO<sub>2</sub>) injection project.

CO<sub>2</sub> injection at the Gorgon Project is anticipated to reduce its overall emissions by approximately 40 per cent or 3.4 million tonnes of carbon dioxide per year.

The survey, carried out between April and October 2009, provided the baseline data for future monitoring of the behaviour of the injected CO<sub>2</sub> over the life of the Project.

The Gorgon seismic baseline team walked more than 43,000 kilometres to deploy and recover seismic receiver equipment - the equivalent of walking from Perth to Sydney seven times.

To reduce impact on the environment, the 100-strong team used a specially designed K-MAX helicopter to transport portable drilling and seismic equipment, including geophones, cables and batteries across the 23-hectare survey area.

CO<sub>2</sub> Seismic Project Manager Kevin Scott said the world's largest commercial scale carbon dioxide injection project combined pre-existing techniques with new technologies.

"Our Project will safely inject about four times more carbon dioxide deep underground than any other project," Mr Scott said.

"This project will position Gorgon as a world leader in gas storage."

The Australian Government has committed AUD\$60 million to the Gorgon Project's Carbon Dioxide Injection Project as part of the Low Emissions Technology Demonstration Fund (LETDF).

## Project fast facts

- 222,000 kilograms of seismic equipment deployed
- 2228 kilometres of seismic cabling used
- 9000 marine air seismic shot points
- 933 seismic shot points drilled with a total drill cumulative of 38,000 meters
- 90,000 survey pin flags deployed
- 171,000 man hours
- 927 helicopter hours and 15,000 safe heli-lifts
- The Project will inject up to 3.6 million tonnes of CO<sub>2</sub> per year for about 40 years
- The total amount of CO<sub>2</sub> to be injected is around 120 million tonnes

## Subscribe to stay in touch

If you would like to receive this newsletter, please email [gorgon.info@chevron.com](mailto:gorgon.info@chevron.com) and include "subscribe" in the title box.

## Contact Details

Chevron Australia  
Ph: +61 8 9216 4000  
Fax: +61 8 9216 4166

Email: [gorgon.info@chevron.com](mailto:gorgon.info@chevron.com)  
[www.chevronaustralia.com](http://www.chevronaustralia.com)

### Front Cover:

Work at Australian company Howard Porter, which built hundreds of trailers for the Gorgon Project.

